

Message Text

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46

ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 L-03 H-02 DODE-00 PA-01 PRS-01

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R 181223Z JUL 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5258

INFO AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY TOKYO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY COPENHAGEN

AMEMBASSY TEHRAN

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E.O. 11652: NA

TAGS: EGEN, EA, EFIN, EG

SUBJECT: FUTHER PRESS REPORTS OF \$1 BILLION LOAN FOR EGYPT

REF: CAIRO 7036 NOTAL

1. FOLLOWING FURTHER FRONT PAGE ARTICLE DATED IN BRUSSELS
APPEARED IN AL AHAM JULY 18:

QUOTE U.S. AND JAPAN PARTICIPATE IN A BIG LOAN FOR EGYPT

EUROPEAN DIPLOMATS ANNOUNCED TODAY THAT EUROPEAN COMMON MARKET,
WITH WEST GERMANY AT ITS HEAD IS SUPPORTING US PROJECT FOR GIVING
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EGYPT \$1 BILLION LOAN TO COVER ITS BALANCE OF PAYMENTS DEFICIT.

PRESIDENT FORD SUBMITTED THE PROJECT FOR THE FIRST TIME IN THE NATO MEETING LATE IN MAY. THE US, SAUDI ARABIA, AND IRAN EQCH WILL GIVE \$250 MILLION, THE REST IS TO BE GIVEN BY WESTERN EUROPEAN COUNTRIES AND JAPAN. WEST GERMANY UNDERTOOK TO GIVE \$100 MILLION. JAPAN AND THE OTHER CONCERNED COUNTRIES, ACCORDING TO BRUSSELS SOURCE S, DID NOT MAKE ANY COMMITMENTS. THE 9 COUNTRIES OF THE EUROPEAN COMMON MARKET HAD DISCUSSED THE AMERICAN PROJECT FOR THE FIRST TIME LAST WEEK IN BRUSSELS AT FOREIGN MINISTERS MEETING AND SINCE THEN DISCUSSIONS WERE CONTINUED AT LOWER LEVELS. A BELGIAN SOURCE ANNOUNCED THAT THE 9 MINISTERS WILL BE DISCUSSING THE PROJECT IN BRUSSELS NEXT TUESDAY. EUROPEAN SOURCES MENTIONED THAT JAPAN WAS ORIGINALLY COMMITTED T GIVE A \$100 MILLION, BUT IT MIGHT BE LESS, IN WHICH EVENT THE EEC WILL BE ASKED TO COVER THE REST.

THE EUROPEANS REALIZE THE POLITICAL IMPORTANCE OF THIS EFFORT WHICH WILL EASE THE BURDEN OF EGYPT'S INTERNAL PROBLEMS.

WHEN THE PROJECT WAS RAISED FOR THE FIRST TIME, THERE WERE SOME RESERVATIONS BECAUSE THE EEC INTENDS TO START NEGOTIATONS FOR A MAJOR AGREEMENT THAT WOULD INCLUDE COMMERCIAL IMPROVEMENTS AND FINANCIAL AIDS TO EGYPT, LEBANON, SYRIA AND JORDAN. UNQUOTE

2. COMMENT: THIS ARTICLE APPEARS TO BE MUCH MORE FACTUAL AND ACCURATE THAN REPORT REFTEL. FIGURES AND COUNTRY SOURCES APPEAR TO BE ACCURATE. HOWEVER THERE ARE NO CLEAR DISTINCTIONS BETWEEN COMMITMENTS AND ONGOING NEGOTIATIONS.
MAESTRONE

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Margaret P. Grafeld
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06 JUL 2006

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